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TO: Each Supervisor

FROM: Cynthia A. Harding, M.P.H.
Interim Director

SUBJECT: **HIV CARE SERVICES CONTRACT RENEWALS AND AMENDMENTS**

This is to clarify the issues raised in the February 2, 2015 letter from AIDS Healthcare Foundation (AHF) to Mayor Antonovich regarding the upcoming recommended HIV care services contract renewals and amendments, scheduled for the Board agenda of February 10, 2015.

Background

The Department of Public Health (DPH) is requesting approval from your Board (Item 19 on the agenda of the February 10, 2015 Board meeting) to execute 12 renewal contracts and 16 contract amendments for various HIV/AIDS care services contracts to extend the term for the provision of Mental Health, Psychiatry (Psychiatry); Benefit Specialty Services (BSS); Legal; and Ambulatory Outpatient Medical (AOM) Services effective March 1, 2015 and April 1, 2015 for various terms. A significant number of the contracts being considered by your Board on February 10, 2015, expire on February 28, 2015. These contract actions will ensure a continuation of existing services, which are offset 100% by the federal Ryan White Program (RWP) Part A funds.

As part of the recommended actions, AHF's AOM contract is being amended at a reduced annual allocation, while AHF's BSS contract is being renewed at an increased annual allocation.

As you are aware, in the February 2, 2015 letter from AHF to Mayor Antonovich, AHF requested a delay of approval for these contract actions. AHF also requested that your Board not provide delegated authority to DPH to make further contract reductions. This request to delay approval was based upon: 1) questions raised regarding the methodology and service utilization data used in making contract allocations; 2) the contention that the RWP funds should be used in Los Angeles County to pay for insurance premiums, co-pays, and deductibles; and 3) questions

raised about how RWP funds would be used if reduced to current AOM providers through the upcoming recommended Board action.

Service Utilization Data, Contract Allocation Methodology, and Projected Service Demand

AHF questions the service utilization data and methodology that DPH's Division of HIV and STD Programs (DHSP) used to determine contract renewal or amendment allocations.

RWP Service Utilization for HIV Medical Care

In making contract allocations, DHSP reviewed nine months of 2014 service utilization data that includes the number of unduplicated RWP-eligible patients and patient visits. This data is provided directly to DHSP by each of the current contracted community partners for AOM services, including AHF.

Over the past several years, there has been a marked decrease in demand for HIV medical care services, beginning with the implementation of Healthy Way LA (HWLA) and continuing with the full implementation of the Affordable Care Act (ACA). DPH has long projected such a decrease given that multiple other payers now exist to provide HIV-related medical care, while the RWP continues to be, by statute, the payer of last resort. For example, before the implementation of HWLA and the ACA, the RWP served as many as 15,806 (FY 2010) patients seeking AOM services. According to service utilization data for the current RWP year (as of November 30, 2014), there are now 6,738 total unique RWP-eligible individuals who rely on the local RWP for AOM services. The majority of individuals who formerly relied on the RWP for their HIV medical care are now eligible for medical care that is supported by other sources through the ACA.

DHSP Contract Allocation Methodology

DHSP's recommendation to reduce funding allocations to the nine AOM service contractors is consistent with the careful review of current service utilization data, as well as the decreased level of service demand in other recent years. The recommended funding amounts for the AOM contracts and all other service categories are in agreement with the allocation directives issued by the Los Angeles County Commission on HIV.

AHF contends that DHSP's allocations are based upon service utilization projections that do not sufficiently take into account the estimates of HIV-positive individuals not in care. DHSP estimates that there are 13,329 individuals living in Los Angeles County who already know they are HIV infected but are not receiving care. The federal Centers for Disease Control and Prevention estimates that there are approximately 10,600 HIV-positive individuals in the County who are unaware of their infection. However, there are no estimates available to determine how many of those individuals, should they be diagnosed and enter into care, are RWP eligible. Thus, it is not prudent to obligate scarce federal resources for a patient population of undetermined size under RWP-funded AOM services, if a portion of these patients are not eligible for the RWP. Under a fee-for-service structure and in accordance with RWP eligibility requirements, contracted agencies cannot bill for services for non-RWP-eligible individuals; therefore, funds

that are obligated in contracts that remain unspent due to lower utilization by RWP-eligible patients are not available for redistribution within the RWP system of care.

Moreover, DHSP's projections do account for needed flexibility for any potential increase or decrease in service demand through the recommended delegated authority in the upcoming Board action under Item 19. Under the current fee-for-service contract structure for AOM services, the amount being requested for approval by your Board is simply an allocation. The recommended delegated authority to increase (or decrease) funding amounts would provide DHSP with sufficient flexibility to accommodate fluctuations in a contracted agency's service demand for RWP-eligible AOM services, commensurate with actual billable services provided.

DPH concurs with the goal stated in AHF's February 2, 2015 letter about the critical importance of decreasing the number of HIV-positive individuals who are undiagnosed or not receiving care. Los Angeles County as a jurisdiction succeeds at so identifying undiagnosed HIV infection and subsequent linkage to and retention in HIV medical care better than most highly-impacted jurisdictions around the country. Nonetheless, this goal remains a crucial element in the County's overall HIV response, and DHSP supports a robust array of testing, prevention, and linkage to care modalities throughout the County. However, these services cannot be supported with AOM funds and are not a part of this recommended Board action under Item 19. Any reduction in the amount of funds allocated for AOM services does not equate to a reduction in efforts to identify HIV-positive individuals and link and retain them in HIV care.

Allocation and Prioritization of RWP Funds

AHF is incorrect in its application of the referenced federal Health Resources and Services Administration (HRSA) Policy Clarification Notice #13-01 regarding use of RWP funds to support insurance premiums, co-pays, and deductibles. The RWP can support premiums, co-pays, and deductibles, but only under a discrete service category, "Health Insurance Premium and Cost-Sharing Assistance," which is separate from AOM and not billable to AOM contracts. Further, the Commission on HIV must prioritize such services, allocate RWP funds for providing them, direct DHSP to procure the services, and DHSP must procure and contract for the services. There is currently no directive from the Commission on HIV to do so.

It is anticipated that the California State Office of AIDS (SOA) will implement its expanded Office of AIDS Health Insurance Premium Payment program (OA-HIPP) in January 2016. This program will offer elements including payment for medical out-of-pocket expenses, as appropriate, for individuals eligible for the program. DHSP and the Commission on HIV have been involved in discussions on planning and implementation of this program at the State level and look forward to it being the best solution for eligible Los Angeles County residents in need of assistance with medical out-of-pocket expenses. At this time, there is no existing infrastructure locally to support such a program, which would require third-party administration and adjudication activities to interface with both Medi-Cal and private insurers. Such a local program would likely duplicate services proposed under the State program.

RWP Funding Levels

Finally, AHF's February 2, 2015 letter questions how the RWP funds would be used if reduced to current AOM providers through the upcoming recommended Board action. It should be noted that DHSP is not seeking an overall reduction in the amount of RWP funds available to meet the needs of people living with HIV disease in the County. Through the prioritization and allocation directives from the Commission on HIV, and based on current service utilization data as reported by contracted providers and projections based on that data, DHSP has and will continue to re-program RWP funds for other care, treatment, and support needs through a range of HRSA-allowable service delivery categories.

If you have any questions or need additional information, please let me know.

CAH:kb

c: Interim Chief Executive Officer
County Counsel
Acting Executive Officer, Board of Supervisors
Commission on HIV